
Payment

Payment may be on either an advance or reimbursable basis, the choice is the grantee's. Requests for Advance or Reimbursement are submitted to the Forest Service's Albuquerque Service Center (ASC) on an SF-270 form. This form is signed by an authorized official at the grantee's agency. At the grantee's discretion, it may go through an internal review process prior to signature and submission.

Advance: A grantee may request an advance for the funding that is needed for 30 days of anticipated expenses. The funding must be expended and documented (also referred to as liquidated) prior to receiving a subsequent advance or reimbursement. Those grantees using the HHS payment system may receive no more than 3 days funding in advance.

Reimbursement: Reimbursement of actual expenses may be made on a monthly, quarterly, semi-annual, or annual basis. A grantee may be asked to provide backup documentation to a request for reimbursement to demonstrate that the requested payment is commensurate with the work performed.

Types of Audits

Your agency may undergo different audits:

A-133: All states must have an annual A-133 audit. These audits generally focus on the major programs like Medicaid, food stamps, etc.

Office of Inspector General (OIG): These audits focus on specific programs, such as ARRA or Forest Legacy for example.

Internal State Audits: These audits can be a valuable tool to ensure that your financial management system meets the requirements in the OMB Circulars.

Indirect Cost Rates

Indirect costs are those costs that have been incurred for common or joint purposes. These costs benefit more than one activity and may not be readily identified with a particular grant, program, or activity. A State agency may account for those costs through the development of an indirect cost rate, also called a Negotiated Indirect Cost Rate Agreement (NICRA). The Federal agency that provides the majority of funding to your State agency is referred to as your cognizant agency, and is responsible for review and approval of your indirect cost rate. Generally, these rates are established, reviewed, or adjusted annually. You will be asked for a copy of your NICRA if you are charging indirect costs to a grant or using indirect cost as a match.

Cost Allocation Plans

Most states have central services that benefit operating agencies, such as motor pools, computer centers, accounting, etc. A Cost Allocation Plan provides a process to identify those costs and assign a proportionate share to state agencies. A State's Cost Allocation Plan is approved through the Department of Health and Human Services (HHS). This is not the same as an indirect cost rate.



Assistance

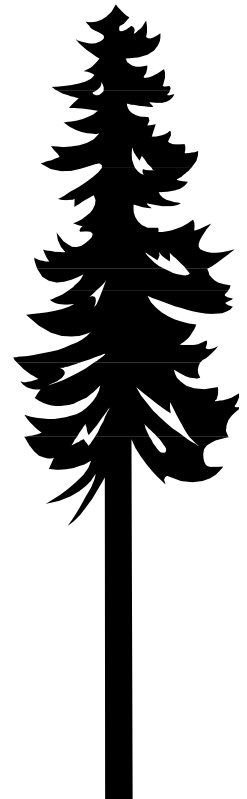
For questions related to management of your federal grants, please contact the Grants & Agreements Specialist or Program Manager listed in your award.



FEDERAL GRANT TIP SHEET

USDA Forest Service
State & Private Forestry

Developed for
NASF and
State Forestry
Agencies



What are the Rules that Apply to my Grants?

There are two primary sets of rules that apply to all Federal Grants & Cooperative Agreements: the Uniform Administrative Requirements and the Cost Principles. The documents are often referred to as OMB Circulars, since they were originally developed by the Office of Management & Budget (OMB). They are all now located in the Code of Federal Regulations, or CFR. There are several versions, depending on your organization type:

States, Local and Indian Tribal Governments:

7 CFR 3016—Uniform Admin Requirements

2 CFR 225—Cost Principles

Educational Institutions:

2 CFR 215—Uniform Admin Requirements

2 CFR 220—Cost Principles

Non-Profit Organizations:

2 CFR 215—Uniform Admin Requirements

2 CFR 230—Cost Principles

There are specific OMB circulars that apply to non-profits, for-profits and hospitals.

These rules also apply to any subrecipient.

Additionally, there are USDA and Forest Service specific requirements detailed in the award letter itself.



Internal Controls

Does your organization have internal controls in place to ensure:

- * Effective and efficient operations?
- * Reliable financial reporting?
- * Compliance with applicable laws and regulations?

Do you have adequate checks and balances in place to ensure proper accountability of federal funds?

Are periodic reports on the status of actual to budgeted performance prepared and reviewed?

Do you have written delegation of authority for who may sign documents in your absence?

Is there a current organizational chart defining the lines of responsibility?

Financial Management System

Does your financial management system meet the requirements outlined in the circulars?

- * Properly record and account for expenditures on a grant-by-grant basis.
- * Proper recording of salary.
- * A clear audit trail for each expenditure.
- * Ability to prepare required financial reports.

Recordkeeping/Documentation

Proper recordkeeping is an essential element of proper grant management. This includes:

- * Subrecipient award, payment, and monitoring.
- * Documentation of process and procedures, particularly in regard to subrecipients.
- * Retention of records.

Reporting

Federal grant regulations require that recipients provide, at a minimum, annual financial and performance reports. Reporting requirements are spelled-out in both the Uniform Administrative Requirements and in the grant award letter.

Financial Reports: These reports may be required on a quarterly, semi-annual, or annual basis. The financial report is submitted on form SF-425, and signed by an authorized representative of your State agency. These reports should reflect the financial transactions using grant funds and be commensurate with the activity performed.

Performance Reports: These reports may be required quarterly, semi-annually, or annually. The final report is due within 90 days after the expiration of the grant. These reports should include a comparison of actual accomplishments to the objectives established, reasons for not meeting objectives if applicable, and any other pertinent information.

Recording Salary

All charges for salary must be distributed, or split out, as actually worked not as budgeted. Charges must be based on documented payrolls, approved by a responsible official.

Each payroll record must be:

- * Completed after the fact.
- * Reflect actual work performed.
- * Account for total activity of the employee.
- * Submitted at least monthly.
- * Signed and dated by the employee.